

STATEMENT OF CONSIDERATIONS

REQUEST BY GENERAL ELECTRIC COMPANY FOR AN ADVANCE WAIVER OF PATENT RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC02-00CH11047 ENTITLED "MELT INFILTRATED CERAMIC MATRIX COMPOSITES FOR SHROUDS AND COMBUSTOR LINERS OF ADVANCED INDUSTRIAL GAS TURBINES"; W(A)-01-030; CH-1077

As set out in the attached waiver petition and in subsequent discussions with DOE Patent Counsel, General Electric Company (GE) has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above-identified cooperative agreement by its employees and its subcontractors' employees, regardless of tier, except inventions made by subcontractors eligible to retain title to inventions pursuant to P.L. 96-517, as amended, and National Laboratories.

Referring to item 2 in GE's waiver petition, the purpose of this agreement encompasses the design, fabrication, evaluation and engine testing of a turbine shroud system incorporating a ceramic matrix composite inner shroud component. The program goal is to demonstrate the survival of such a shroud system in an industrial gas turbine for over 4000 hours.

The work under this agreement is expected to take place over a period of about three years at a total cost of \$4,805,939. GE is obligated to cost share \$1,930,083, or about 40 percent of the total cost of the project.

In view of the cost sharing and other equities between GE and its subcontractors, it is anticipated that the parties will develop an appropriate allocation of patent rights among the participants to facilitate the expeditious development of the technology forming the subject matter of the agreement. Accordingly, DOE will waive title to all subject inventions made by GE's employees and its subcontractors' employees, regardless of tier, except inventions made by subcontractors eligible to retain title pursuant to P.L. 96-517, as amended, to GE or its subcontractors, as mutually agreed by the parties. Except as otherwise approved in writing by DOE Patent Counsel, a party's acceptance of a subcontract under this agreement, at any tier, shall constitute GE's certification that it has provided that party with a copy of this Statement of Considerations and that party's notice to DOE that it accepts the terms and conditions of this advance waiver.

Referring to items 5-8 of GE's waiver petition, GE has a well-documented record of success in introducing advanced technology gas turbine based power generation products in the power generation industry. This, coupled with GE's cost sharing, clearly demonstrates the likelihood that GE will continue development and commercialization of the results of this agreement.

This advance waiver of the Government's rights in inventions is subject to the usual advance patent waiver and background data licensing provisions, and the government license, march-in rights, and preference for U.S. industry provisions set out in 35 U.S.C. 202-204. The advance patent waiver also includes the attached U.S. Competitiveness clause (paragraph t) which requires products embodying any waived invention or product through the use of any waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to do so. The contractor

further agrees to make the above condition binding on any assignee, licensee or other entity acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

Referring to item 9 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. If anything, the technology forming the subject matter of this agreement can be expected to improve U.S. competitiveness relative to off-shore competition.

Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the agreement in a fashion which will make the technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and in view of the objectives and considerations set forth in 10 CFR Part 784, all of which have been considered, it is recommended that the requested waiver be granted.

[Redacted signature]

Thomas G. Anderson
Assistant Chief Counsel
Office of Intellectual Property Law

Date: 7/31/02

Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the United States and the general public will best be served by a waiver of patent rights of the scope described above, and therefore the waiver is granted. This waiver will not apply to any modification or extension of the contract, where through such modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:

[Redacted signature]

Patricia Hoffman
Office of Distributed Energy
Resources
EE-16

Date: 8/6/02

[Redacted signature]

Paul A. Gottlieb
Assistant General Counsel for Technology
Transfer and Intellectual Property, GC-62

Date: 8-26-02

U.S. COMPETITIVENESS CLAUSE

(t) U. S. COMPETITIVENESS

The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Contractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event the DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.

WAIVER ACTION - ABSTRACT

W(C)-01-030 (CH-1077)

REQUESTOR

General Electric

CONTRACT SCOPE OF WORK

Melt Infiltrated Ceramic Matrix
Composites for Shrouds and
Combustor Liners of Advanced
Industrial Gas Turbines

RATIONALE FOR DECISION

40% cost sharing

DISPOSITION